



SASB Industry Working Groups Due Process Report

CONSUMPTION 2 SECTOR

March 12, 2015



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Introduction & Overview

SASB develops and disseminates industry-specific accounting standards for material sustainability information for use by U.S. publicly-listed corporations and their investors, such that sustainability performance can be evaluated alongside financial performance. SASB standards identify, prioritize, and describe non-financial risks and opportunities likely to constitute material information. SASB standards are designed to provide decision-useful information for the benefit of companies, investors, and the public.

This report covers the Consumption 2 Sector and the stakeholder engagement process associated with industry working groups (IWG). This report provides a detailed description of the IWG process and data detailing the outcomes of the IWG recruiting process as well as IWG participation rates. Some additional changes were made to the report template based on recent feedback from the Standards Council. These changes include:

- A list of IWG participants who completed surveys (Exhibit D) in addition to the list of IWG registrants who did not complete their surveys (Exhibit E).
- A comparison of IWG recruiting targets vs. IWG commitments and total completed surveys (Exhibit C).
- An analysis of key findings and patterns that help to explain survey completion rates (Table 1).
- The list of the top ten companies in each sector that flags which companies enrolled in the IWG process (Appendix 1).

SASB Industry Working Group Overview

SASB Industry Working Groups (IWGs) play a critical role in helping SASB achieve its mission. IWG members are industry experts with at least five years of experience in the industry for which they are reviewing SASB Standards. They are recruited across the following interest groups: issuers (corporations); market participants (investors and analysts), and; public interest/intermediaries (accountants, attorneys, consultants, academics, government officials, NGOs, etc.). IWGs convene to review SASB's evidence-based research of ESG disclosure topics that likely constitute material information for companies within their industry as well as accounting metrics for the disclosure of those topics. IWGs provide important feedback on these disclosure topics and metrics, providing additional evidence of financial impact and/or evidence of interest, as well as suggesting other topics for which they have supporting evidence.

OBJECTIVE & APPROACH

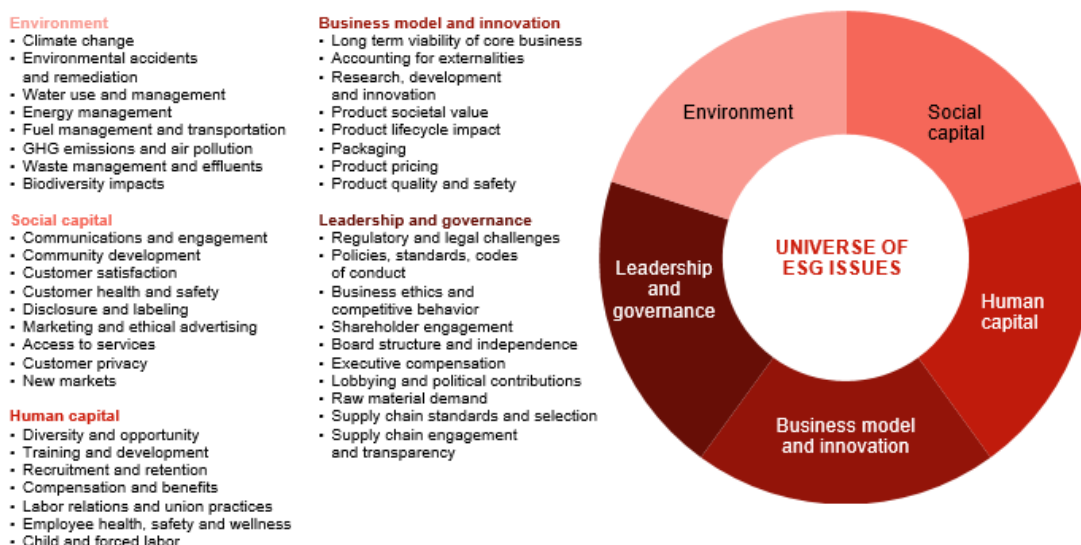
SASB Standards refine the set of Environmental, Social and Governance (ESG) factors (shown in Exhibit A) into a minimum set of ESG disclosure topics that are likely to be material to companies within a given industry. The standards-setting process begins with a research phase that identifies disclosure topics based on evidence of interest and financial impact. The proposed industry specific disclosure topics and metrics under consideration are then vetted by SASB's industry working groups (IWG) as part of the stakeholder engagement process. IWGs

members ensure that the draft standards address only disclosure topics with strong likelihood of constituting material information.

SASB IWG objectives include the following:

- To solicit technical feedback on proposed ESG disclosure topics for the industry in question.
- To solicit feedback on suggested accounting metrics for the associated disclosure topics, based on the following criteria: relevant/decision useful, cost- effective, comparable, and auditable.
- To provide the technical feedback and comments based on the perspective, knowledge, and industry experience associated with the participant’s interest group (corporate participants, market participants or public interest participants).

Exhibit A – Universe of ESG Issues Researched by SASB for Materiality



THEMATIC SECTORS AND INDUSTRY WORKING GROUP RECRUITING

SASB categorizes industries into thematic sectors and industry working groups based on their resource intensity as well as their sustainability innovation potential. The system by which SASB groups industries into thematic sectors and IWGs is known as SASB’s Sustainable Industry Classification System™ (SICS™). SICS™ ties back to standard classification systems, such as Bloomberg’s Industry Classification and Global Industry Classification Systems, so users don’t have to learn another system.

Open Enrollment

Enrollment in IWGs is open to all qualified participants and industry experts via [SASB's online registration form](#). Applicants' suitability for IWGs is screened by SASB's Stakeholder Engagement Team (SET) to ensure they have sufficient experience and expertise in their fields and are actively involved in US capital markets. SET also monitors enrollment in IWGs to ensure participation is balanced across the following three interest groups:

1. Corporations (issuers)
2. Market Participants (investors, analysts and exchanges)
3. Public Interest/Intermediaries (academics, government officials, NGO's and others not included in groups 1 and 2 above)

Active Outreach

SASB conducts active outreach to recruit IWG participants via a variety of channels to ensure interest groups are balanced across all industries in the thematic sector covered each quarter.

Targeted Outreach – Phase I

IWG recruiting begins with broad outreach across a variety of channels roughly two-months prior to the kick-off of each working group.

Referrals

Referrals are by far the best source for recruiting IWG members. During Phase I of targeted outreach, SET leverages SASB's Board of Directors, Advisory Council, partners, past IWG members and subscribers to SASB's newsletter. This targeted outreach is conducted through email communication and targeted phone calls through which SET members disseminate recruiting materials and html invitations that can be widely distributed within these key networks.

Prospecting

When referrals are not available, contact information is obtained through publicly-available channels. SET engages in a prospecting process that involves developing contact lists of qualified professionals in the top publicly-traded companies identified by the Research Team. These prospecting lists are developed using LinkedIn, Data.com, outreach to trade associations, and leveraging the team's personal networks. This prospecting phase serves as an important pipeline to streamline and scale the recruiting efforts in order to meet target numbers. (See Appendix I for a list of companies targeted in Phase I outreach for the Consumption 2 IWGs).

Bloomberg Terminal

SET also utilized the Bloomberg terminal to identify analysts and portfolio managers to participate in the investor interest groups of the Consumption 2 IWGs.

Targeted Outreach – Phase II

As registrants begin to populate SASB IWGs, more narrowly-focused outreach becomes necessary. This targeted approach focuses on areas in which open enrollment and Phase I Outreach results are not well balanced across the interest groups.

Industry and/or trade associations and sector focus groups are also important vehicles through which SASB conducts outreach. SET conducted outreach to the following industry groups:

- American Apparel & Footwear Association
- Business & Institutional Furniture Manufacturers Association (BIFMA)
- Consumer Advocacy United
- Grocery Manufacturers of America (GMA)
- National Retail Federation (NRF)
- Outdoor Industry Association
- Sustainability Consortium
- Sustainable Apparel Coalition
- Retail Industry Leaders Association (RILA)

IWG PROCESS, TOOLS AND MATERIALS

IWG participants provide vital feedback during a one-month period of structured engagement. During this time, IWG participants review SASB Industry Briefs and are encouraged to contribute evidence supporting or refuting the financial impact of and/or interest in disclosure topics and related accounting metrics drafted by SASB. Please refer to Exhibit B for an overview of the standards-setting process; IWGs are included in the Development Phase (Phase 2).

Participants are provided with the following tools and materials through which to conduct their work:

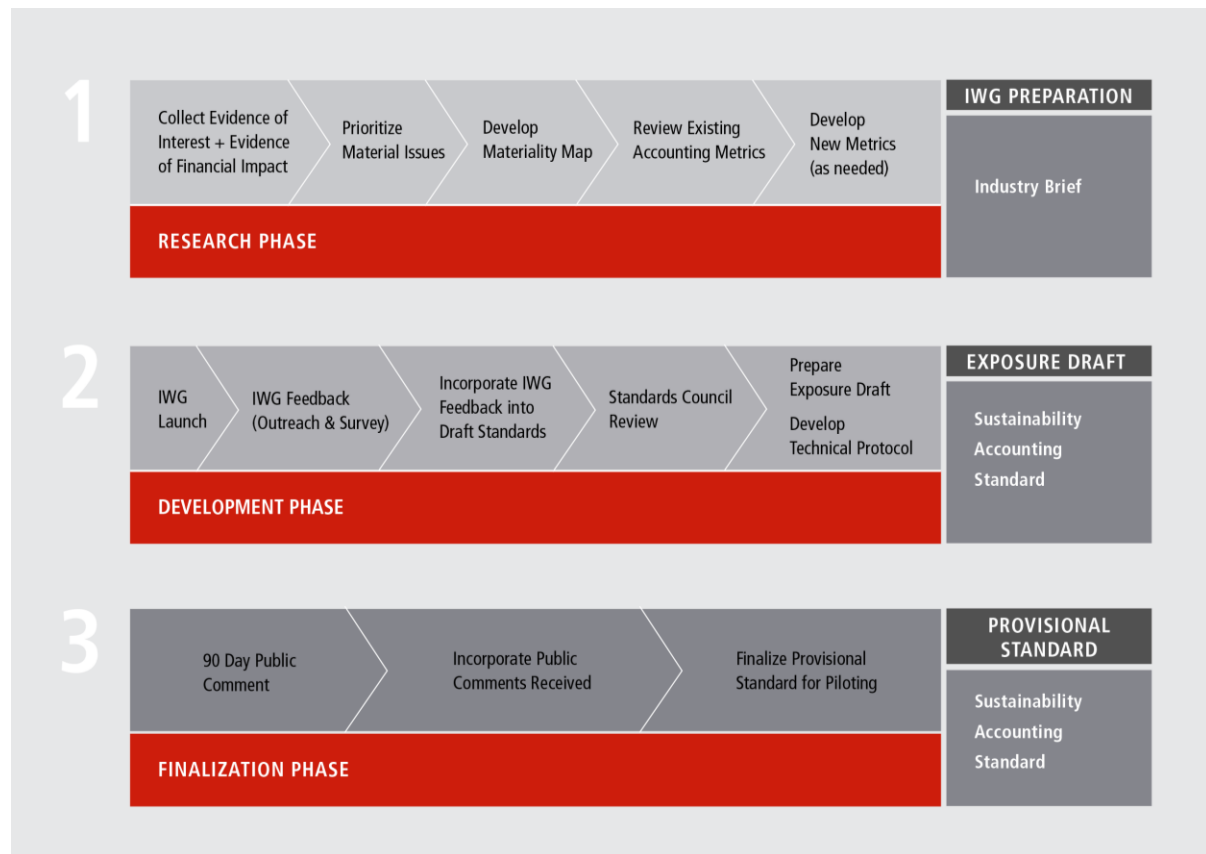
- Orientation materials outlining SASB's evidence-based standards-setting approach and the "lens of materiality", including the SEC's definition of materiality
- An optional orientation webinar (of which a recording is distributed to IWG members who cannot participate in the live broadcast)
- A SASB Industry Brief for their industry
- A self-paced, electronic survey designed to capture detailed feedback
- A mid-point "check-in" webinar during which members of the Research Team are made available to answer questions from IWG members

Participants are asked to: 1) read the SASB Industry Brief for the industry in which they are enrolled, and; 2) complete the online survey providing feedback on the disclosure topics and accounting metrics. Participation in online discussions, webinars, and follow up conferences is optional.

Survey results and comments are compiled by SASB'S research team for consideration in the exposure draft of the industry standard. All IWG communication with SASB is retained to document the standards development process. IWG members may also suggest other

disclosure topics for which they have evidence of materiality, and issues they believe should be included in SASB Standards

Exhibit B – SASB’s Work Flow, One Sector per Quarter



Industry Working Groups: Consumption 2 Sector

SASB's working groups (IWGs) covering the Consumption 2 sector were convened from Oct 29th through December 1st, 2014¹, and extended until Dec 12th. The Consumption 2 sector focused primarily on retailers, consumer discretionary products, and apparel & textiles covering a total of eight industries (see table 1 below). Several IWG members indicated challenges with the timing of the IWG launch as it corresponded with the holiday retail season. The timing issues impacted the survey response rates and prompted the release of a second extension period from Dec 23, 2014- Jan 20th, 2015. The survey response results will be discussed in the section titled "Consumption 2 IWG Surveys".

Table 1: CONSUMPTION 2 SECTOR IWG Composition

Consumption 2 Sub Sectors		Industry Working Groups	
CN400	Retailers	CN0401	Food Retailers & Distributors
		CN0402	Drug Retailers & Convenience Stores
		CN0403	Multiline and Specialty Retailers & Distributors
		CN0404	E-commerce
CN0500	Apparel & Textiles	CN0501	Apparel, Accessories & Footwear
CN0600	Consumer Discretionary Products	CN0601	Appliance Manufacturing
		CN0603	Building Products & Furnishings
		CN0604	Toys & Sporting Goods

Recruiting – Planned vs. Actual

Ideal target levels are set for participation in SASB IWGs are as follows: twelve experts per interest group per industry. With eight industries in this sector, this target would have resulted 288 registered IWG participants. SET enrolled a total of 228 IWG members and primarily fell short in the corporate interest group which proved challenging to recruit and will be further discussed in the "key findings section" below.

Of the 228 enrolled IWG members, 124 IWG registrants completed their surveys resulting in an average completion rate of 54%.

Exhibit C shows SASB's targeted vs. actual IWG survey commitments and completed surveys based on interest group. Exhibit D provides list on Consumption 2 industry working group participants who finalized their surveys. Exhibit E provides a list of IWG members who did not finalize their surveys.

Exhibit C: Composition of Consumption 2 Working Groups – Targeted vs. Actual Survey Commitments

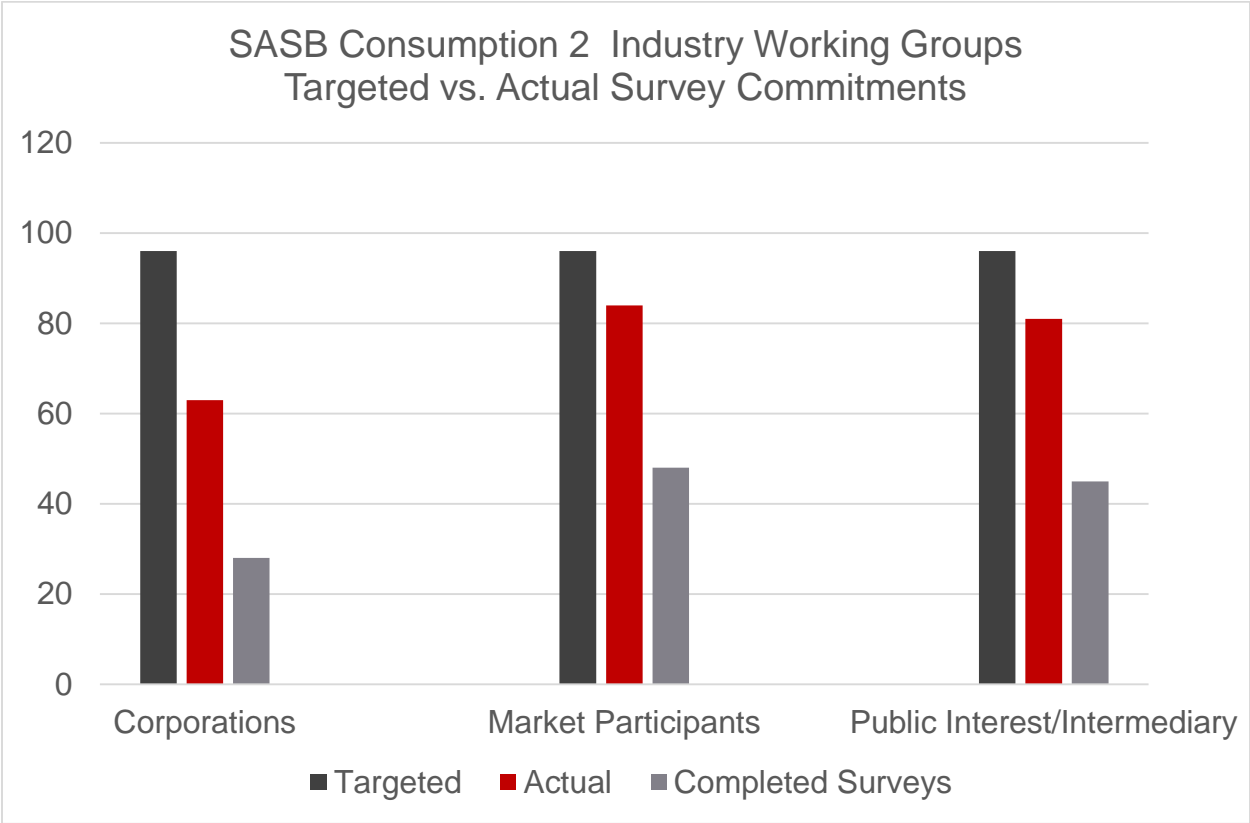
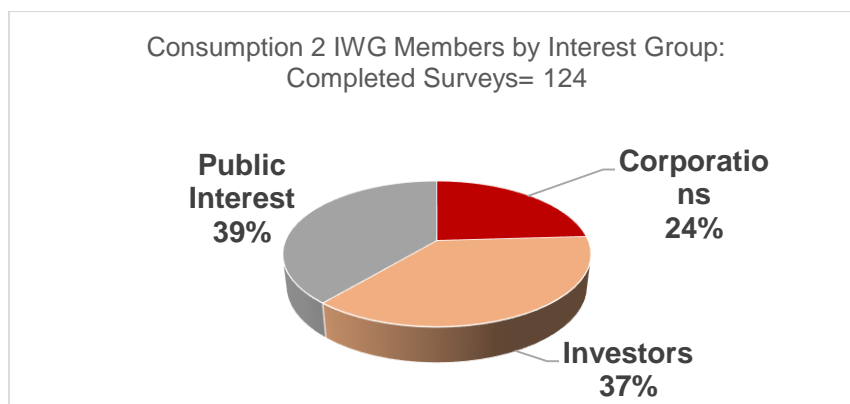


Exhibit D: SASB Consumption 2 Members Who Completed Surveys



Last Name	First Name	Title	Organization
Arani	Geetha	Investment Officer	CalSTRS
Barnes	Louise	Sustainability Consultant	Tred-Lite
Bogdan	James	Manager, Corporate Sustainability	WESCO International, Inc.
Boinpally	Swapna	Technical Coordinator - Sustainability	IYCN
Boyle	Melanie	Sustainability Manager	Cintas
Braaksma	Simon	Senior Director	Royal Philips Electronics NV
Brix	Dylan	ESG Analyst	Loring, Wolcott & Coolidge
Buckley	Mark	VP Environmental Affairs	Staples
Campbell	Paul	Director, Sustainability	Sears Holding Corporation
Canavan	Karla	Director Sustainable finance	Bunge
Chardran	Ravi	Investment Management Specialist	Wells Fargo
Chaudhry	Yogendra	Director, Sustainability Consulting	Ketek Group Inc.
Coker	Lee	Principal	Fourth Factor Advisors
Connolly	Hope	Sustainability Consultant	Self Employed
Costello	Amy	Sustainability Manager	Armstrong World Industries
Cote	Jeremy	Research Analyst	Trillium Asset Management, LLC
Crandall	Rick	Director of Environmental Stewardship	Supervalu
Darr	Rebecca	Co-Founder/Owner	Atayne LLC
Dayeh	Alan	Associate Director	Net Balance
DeGaetano	Larry	Instructional Specialist	Montclair State U
Dunlap	Tricia	Attorney	McGuireWoods LLP
Durant	Cody	Owner/Chief Sustainability Strategist	Insightful Strategies LLC
Duvall	Lori	Global Director, Green	EBay
Dykhuis	Larry	DfE/ Sustainability Manager	Herman Miller
El- Mashharawi	Zaher	Alremal Neighborhoods	Mashco
Exarchos	Themis	Researcher	FORTH-IMBB
Ferguson	Kenzie	Director of Corporate Responsibility	TE Connectivity
Fernandez	Cristina	Vice President, Senior Research Analyst	Telsey Advisory Group
Furuya	Shin	VP, Responsible Investment Research	Domini Social Investments, LLC

Galeano	Victoria	Managing Director	Aligned Strategies
Gomes Casseres	Mindy	Sustainability/Climate Change Consultant	ERM
Górska	Marta	Chief Executive Officer	CSR Profit
Grazutis	Chen	Equity Analyst	Bloomberg LLC
Hack	Victoria	Associate	EY
Hart	Ezequiel	Manager, Sustainable Business Solutions	PricewaterhouseCoopers
Hartley	Alice	Manager, Sustainable Innovation	Gap
Hetrick	Sonya	Impact Investing Analyst Research Analyst and Sustainability Team	HIP Investor
Hill	Christopher	Team	IW Financial
Janardhan	Rajini	Director, Global Product Compliance	ACCO Brands
Jensen	Beth	Director of Corporate Responsibility	Outdoor Industry Association
Khalsa	Guru	Sustainability Manager	Columbia Sportswear
Kibbey	Jason	Executive Director	Sustainable Apparel Industry
Kleeman	Michael	Senior Fellow	University of California
Kominsky	Evan	Investment Analyst	UBS Global Asset Management
Kozaki	Aiko	ESG Analyst	The Japan Research Institute
Lange	Dave	Sustainability Specialist	Haley & Aldrich, Inc.
Lasdon	Erica	Senior Sustainability Analyst	Calvert Investments
Lenthenstrom	Emily	Senior Research Analyst	Portfolio 21
Lesnet	Scott	ES Manager	HNI Corporation
Levey	Erin	ESG Research Analyst	EIRIS
Lucente	Michael	Managing Member	Self-employed
Ma	Yaowen	Analyst	Verdantix
Macfarlane	Jamie	Research Analyst	EIRIS
McGarrah	Rob	Counsel	AFL-CIO
McGowan	Sean	Analyst	Needham & Co Inc
McGuire	Michael	Director of IR	CVS Health
Michalko	Alexandra	Sustainability Senior Program Manager	REI
Miller	Brad	Director of Advocacy & Communications	BIFMA
Miller	Garrett	Manager Health, Safety & Environment	Masco
Moffat	Andrea	Vice President	CERES
Montague	Reed	Sustainability Analyst	Calvert
Mosher	Margo	Manager	SustainAbility
Mullane	Karen	Vice President, Corporate Controller	Etsy
Nell	Michael	Managing Director	UBS Global Asset Management
Nixon	Bonnie	Director of CSR & Global Sustainability	Mattel
Nothwang	Josh	Practice Leader	WSP
ONeal	Dan	Principal	Peachtree Associates Group LLC
O'Neill	Rebecca	Sustainability Manager	Safeway
Patrick	Camille		Consumer Advocacy United
Pirovska	Margarita	Policy and Sustainability Analyst	Cornerstone Capital Group
Pittman	Joe	Analyst	UBS Global Asset Management

Plinke	Eckhard	Head of Sustainability Research	Notenstein Privatbank AG
Polikoff	Maryellen	Investment Advisor	Leede Financial
Pucker	Kenneth	Advisory Director	Berkshire Partners
Rajan	Raj	RD&E VP, SUSTAINABILITY	Ecolab
Rebernak	Kathee	Founder/CEO Director Global Environmental Performance	Framework LLC
Rinard	David		Steelcase
Robinson	Christine	Senior Manager	Christine Robinson
Rodriguez	Oscar	Consultant	Rodriguez-Gonzalez Services
Rossin	Alexandre	Senior Manager	Centurion Global Capital
San	John	Vice President	Neuberger Berman
Sandell	David	Investment Professional	Boston Trust & Investment
Sekiguchi	Shoko	CEO	Ampleen Inc.
Silver	Rebecca	Adjunct Professor	SVA
Sims	Kat	Senior Director, Sustainability at Plum	Plum Creek
Singla	Veena	Staff Scientist	NRDC
Skibola	Nicole	Principal	Centurion Global Consulting
Sobrinski	Dan	Practice Leader, Environment & Energy	WSP
St. Andre	Kelly	ED, Environmental Program	Fair Factories Clearinghouse
Staub-Bisang	Mirjam	Managing Partner and CEO	Independent Capital Mgmt AG
Stone	David	Analyst	IW Financial
Terestchenko	Agnes	Principal	Terestchenko
Thoumi	Gabriel	Sr. Sustainability Analyst	Calvert Investments
Tichy	Georg	CEO	FinComm Unternehmensberatung
Trinkner	Kal	Senior, CCaSS	EY
Underwood	Mark	SVP, Equity Analyst	Alliance Bernstein
Uszakiewicz	Margot	IPC Mbr/Proxy Solicitation/IR Consultant	Independent Consultant
Williamson	Beth	Senior Research Analyst	Portfolio 21
Young	Ryan	Founder	Indicate Advisory Services

Exhibit E: SASB Consumption 2 Members Who Did Not Completed Surveys

Last Name	First Name	Title	Organization
Alkon	Ava	Associate Program Director	Interfaith Center on Corporate Respc
Alonardo	Karen	CEO	CSRware, Inc.
Atabey	Tuba	Partner	SUSTAiNOVA
Aust	David	Managing Partner	Aust Ventures, LLC
Austria	Neal	Vice President	ClearBridge Investments
Aykan	Sonay	Research Associate	New Jersey Institute of Technology
Ayoola	Fadeke	Consultant/Author	CDSB
Baker	Kate	Manager	EY
Bala-Miller	Priya	Director International Program	Shareholder Association for Research & Education
Ben Hamou	Elsa	Analyst	RobecoSAM AG
Boles	Kellie	Sustainability Specialist	Georgia-Pacific
Carvajal	Hernan	Manager	IPMovil Andina
Cassey	Jessica	Senior Analyst	Inflection Point Capital Management
DeRose	John	Executive Director	EY
Duffy	Jim	Analyst	Stifel Nicolaus
Early	Desirae	Manager Sustainability Strategy & Innovation	Levi Strauss & Co.
Estevez	Patricia	Senior Investment Research Analyst	CtW Investment Group
Fernandez	Lorena Anabel	Sr. Financial Analyst	Aeroflex Incorporated
Garrison	Jeff	President	Jeff Garrison
Gilbert	Jennifer	Chief Marketing Officer	I:CO
Gutterman	Sara	CEO	Green Builder Media
Hampole	Nandini	Senior	EY
Hatfield	Steve	Senior	PwC
Heaney	Susan Arnot	Director, Marketing, Communications & Development	Sustainability Consortium
Hedberg	Kim	Founder	Balanced Solutions
Henson	Philip	Sr. Manager, Energy and Environmental Sustainability	Hanes Brands
Homayoun	Saeid	Assistant professor, Accounting	Gavle University

Horowitz	Noah	Sr. Scientist	NRDC
Iseri	Andy	VP, Global Manager Research	Callan Associates
Jayaseelan	Balaji	Head, Global Environment ESG	Newell Rubbermaid
Kamin	Maria	Research Manager	Parnassus Investments
Kells	John	VP	ADP
Kennedy	Ellen	Manager, Environment, Climate & Water	Calvert Investments
Knight	Amy	Director of CSR	Hasbro
Krenza	Gabriel	Strategic Advisor	NRDC
Kulmann	Henrike	ESG Analyst	Allianz Global Investors
Larsen	Katie	Acting Director Social Responsibility	The Children's Place
Laughhead	John	Sustainability Manager	Delhaize
Leeth	Stewart	Env. Affairs and Senior Counsel	Smithfield Foods, Inc.
Lekraj	Vishnu	Senior Analyst - Healthcare	Morningstar
Leonard	Scott	CEO	Indigenous Designs
Liu	Kathy	Chief Financial Officer	Kizan International, Inc.
Livingston	Karen	Senior Business Advisor	SBA
Madison	Oliver	CEO and Founder	Me to We
McGonnigal	Anne-Marie	Owner	Great Hill Enterprises
Menezes	Natasha	Senior Consultant, Reporting	EY
Menter	Julie	Manager	BluSkye
Mettler	Philipp	Senior Sustainable Investment Analyst	J. Safra Sarasin
Meyers	Jamie	Manager of Sustainability	Walgreens
Moise	Daniel	PhD Lecturer	The Bucharest University of Economic
Mudaliar	Yeshwant	Senior Advisor, Environment	Aurizon
Mutschler	Shannon	Vice President of Investor Relations	Sysco
Narita	Yumi	VP	BlackRock Institutional Trust

Nunes	Nicolas	Senior Advisor	Moinhos Investments
Park	Jacob	Associate Professor, Business Strategy	Green Mountain College
Rainsford	Claire	Senior Manager	EY
Ramirez	Juan Manuel	Consultant	Alta Via Consulting LATAM
Roberts	Amy	Director of Sustainability	Mountain Equipment Co-op
Rosenbaum	Kenneth	Sr. Partner	ERM
Russell	Andrew	Director	Plastic Disclosure Project
Segal	Rachel	Senior Associate	PwC
Shiao	Tien	Senior Associate	WRI
Singh	Neha	Assistant Project Manager	ITC Limited
Snodgrass	Bond	Director LatAm Equity Sales	Scotiabank
Soulodre	Leesa	Adjunct	Singapore Management University
Taylor	Jon	Senior Project Director	WSP Group
Todd	Susan	Principal	Solstice Sustainability Works Inc.
Toscani	Luca	Sloan Fellow	Stanford University
Venkatesan	Chandramouli	Research Assistant - Sustainability	Rochester Institute of Technology
Wayman	Martin	Manager	Ernst and Young LLP
Wittman	Laura	VP, Corporate Compliance and Human Right	Jones Apparel Group
Wohns	Dimitri	Technical Project Manager	AHA Life
Woodring	Doug	Director/Co-Founder	Ocean Recovery Alliance
Yi	Darin		CalSTRS
Zamora	Julio	Investment Officer	Citigroup
Zedeck	Rachel	Managing Director	Medea Group - Backpack Farm Kenya
		Managing Director	

CONSUMPTION 2 IWG SURVEYS

Survey Composition & Administration

Composition & Administration

Consumption 2 IWGs were structured to solicit feedback on the disclosure topics identified by SASB as likely to constitute material information for companies in an industry, and the proposed accounting metrics for disclosure of these issues in the Forms 10-K and 20-F. Disclosure topics identified by SASB's research team for industries in the Consumption 2 sector are shown by industry in Exhibit F.

The same general survey format was used for all industries, and included the following sections:

- Section 1: Disclosure Topics
- Section 2: Accounting Metrics
- Section 3: Comments on Industry Brief

Section 1: Disclosure Topics

Disclosure Topic Evaluation and Ranking

Respondents were asked to review the disclosure topics identified by SASB and answer the question, "Do the proposed disclosure topics listed below constitute information that may be material to investors, pertaining to companies in the X industry?" Participants are given the option of responding, "Yes. It is material", "No. It is not material" or "Yes, but with reservations."

Importance of Disclosure

The survey also asked participants to force rank the importance the disclosure topics identified for their industries.

Additional Disclosure Topics

Respondents were also given the opportunity to identify up to three issues they believed were likely to be material to their industry but had not been included in SASB's minimum set. For every disclosure topic suggested for inclusion, participants were prompted to provide a contextual explanation of why the issue should be added to the minimum set. They were also prompted to upload documents as evidence to support the inclusion of the new issue and/or provide URLs linking to evidence to support the inclusion of the issue.

Exhibit F: SASB Disclosure Topics – Consumption 2 Sector

	Food Retailers & Distributors	Drug Retailers & Convenience Stores	Multiline & Specialty Retailers & Dist.	E-Commerce	Apparel, Accessories & Footwear	Building Products & Furnishings	Appliance Manufacturing	Toys & Sporting Goods	
Environment	<ul style="list-style-type: none"> Air Emissions from Refrigeration Energy Management in Retail & Distribution Food Waste Management 	<ul style="list-style-type: none"> Energy Management in Retail 	<ul style="list-style-type: none"> Energy Management in Retail & Distribution 	<ul style="list-style-type: none"> Energy & Water Footprint of Hardware Infrastructure Logistics & Packaging Efficiency 	<ul style="list-style-type: none"> Energy Management in Retail 	<ul style="list-style-type: none"> Energy Management in Manufacturing 			
Social Capital	<ul style="list-style-type: none"> Data Security Food Quality & Safety Product Health & Nutrition Product Labeling 	<ul style="list-style-type: none"> Data Security & Privacy Management of Controlled Substances 	<ul style="list-style-type: none"> Data Security 	<ul style="list-style-type: none"> Data Security & Fraud Protection Data Privacy 		<ul style="list-style-type: none"> Health Impacts of Chemicals in Products 	<ul style="list-style-type: none"> Product Safety Hazards 	<ul style="list-style-type: none"> Chemicals Usage & Safety Hazards of Products 	
Human Capital	<ul style="list-style-type: none"> Workforce Diversity & Inclusion Labor Relations & Fair Wages 	<ul style="list-style-type: none"> Employee Diversity & Inclusion 	<ul style="list-style-type: none"> Workforce Diversity & Inclusion Labor Relations & Fair Wages 	<ul style="list-style-type: none"> Employee Recruitment, Inclusion, and Performance 					
B. Model & Innovation					<ul style="list-style-type: none"> Lifecycle Management & Safety of AA&F Fiber Sourcing Risks & Materials Innovation 	<ul style="list-style-type: none"> Product Lifecycle Environmental Impacts 	<ul style="list-style-type: none"> Product Lifecycle Environmental Impacts 		
Leadership & Governance	<ul style="list-style-type: none"> Product Selection & Supplier Management to Mitigate Env. & Social Impacts 	<ul style="list-style-type: none"> Counterfeit & Compromised Drugs in the Supply Chain 	<ul style="list-style-type: none"> Product Sourcing, Packaging, and Marketing 		<ul style="list-style-type: none"> Working Conditions in the Supply Chain Environmental Impacts in the Supply Chain 	<ul style="list-style-type: none"> Wood Sourcing Risks 		<ul style="list-style-type: none"> Working Conditions in the Supply Chain 	
Emerging			<ul style="list-style-type: none"> Data Privacy 				<ul style="list-style-type: none"> Critical Materials for Electronics in Smart Appliances 	<ul style="list-style-type: none"> Influence of Marketing & Stereotyping Practices 	

LEGEND

General agreement about likely materiality

Reviewed after IWG, expected to remain in final list

Seeking additional evidence & inputs

Issue likely up for removal

Section 2: Accounting Metrics

The second section of each industry survey sought feedback on the accounting metrics delineated in the SASB Briefs for disclosure of disclosure topics in that industry. Participants were asked to first comment on the individual accounting metrics based on the following criteria:

- Relevance – Does the accounting metric adequately describe performance related to the disclosure topics, or is it a proxy for performance?
- Usefulness – Does it provide decision-useful information to companies? To investors?
- Cost-effectiveness – Is the data already collected by most companies or can it be collected in a timely manner and at a reasonable cost?
- Comparability – Will the data allow for peer-to-peer benchmarking within the industry?
- Auditability – Can the data underlying this accounting metric be verified?

Respondents were provided an opportunity to discuss the accounting metrics, to suggest alternatives, and to provide input on how each accounting metric is presented (units, aggregated and/or normalized). Respondents were also asked if they would like to suggest content for the Disclosure Notes (technical guidance) will accompany accounting metrics for each disclosure topic.

Section 3 – Comments

The surveys also provided participants the opportunity to inform SASB of errors and omissions, as well as to provide general comments on the industry briefs.

Administration

IWG members received links to unique, user-specific URLs to launch digital surveys hosted via Fluid Surveys. URLs were associated with participant email addresses which allowed us to monitor which participants were actively engaged in the surveys and follow up with others who were not.

Survey Participation

The SET has been fostering stronger IWG corporate participation by promoting broader internal participation in the survey. SASB provided enrolled IWG members with a pdf copy of the survey so that responses could be vetted more readily across internal corporate team members in other departments. The online survey has also been augmented to include a place to add the names of other survey respondents who participated in the process. This approach has allowed for a more collaborative approach with key internal decision makers (sustainability, finance, legal, IR, etc.). This transparency is helpful for SASB to show how participation extends beyond sustainability leadership.

It is important to note there were atypical challenges associated with recruiting corporate professionals into most of the IWG retail industries. The reasons for this discrepancy will be highlighted in the section titled “Key Findings for IWG Recruiting and Survey Completion Rates”. The low enrollment made it particularly challenging to achieve strong survey response results. The SET attempted to improve the survey responses by offering a 12 day extension from December 1st to December 12th. Unfortunately, this extension period did not yield the expected results due to time restrictions associated with the retail holiday season. Many IWG members expressed their ability to participate was compromised, in part, because the launch coincided

with the holiday season. As a result, SASB leadership agreed to hold a second IWG response period from Dec 23-Jan 20th. The extension period yielded modest results with the overall response rate of 54%, or 124 survey response out of 228 registered participants. The completion rates by industry are shown in Exhibit G and are detailed both graphically and in a table that provides the raw numbers. The response rates compared to previous sectors are illustrated in Exhibit H and are in-line with previous response rates.

Exhibit G: Consumption 2 Survey Completion Rates by Industry

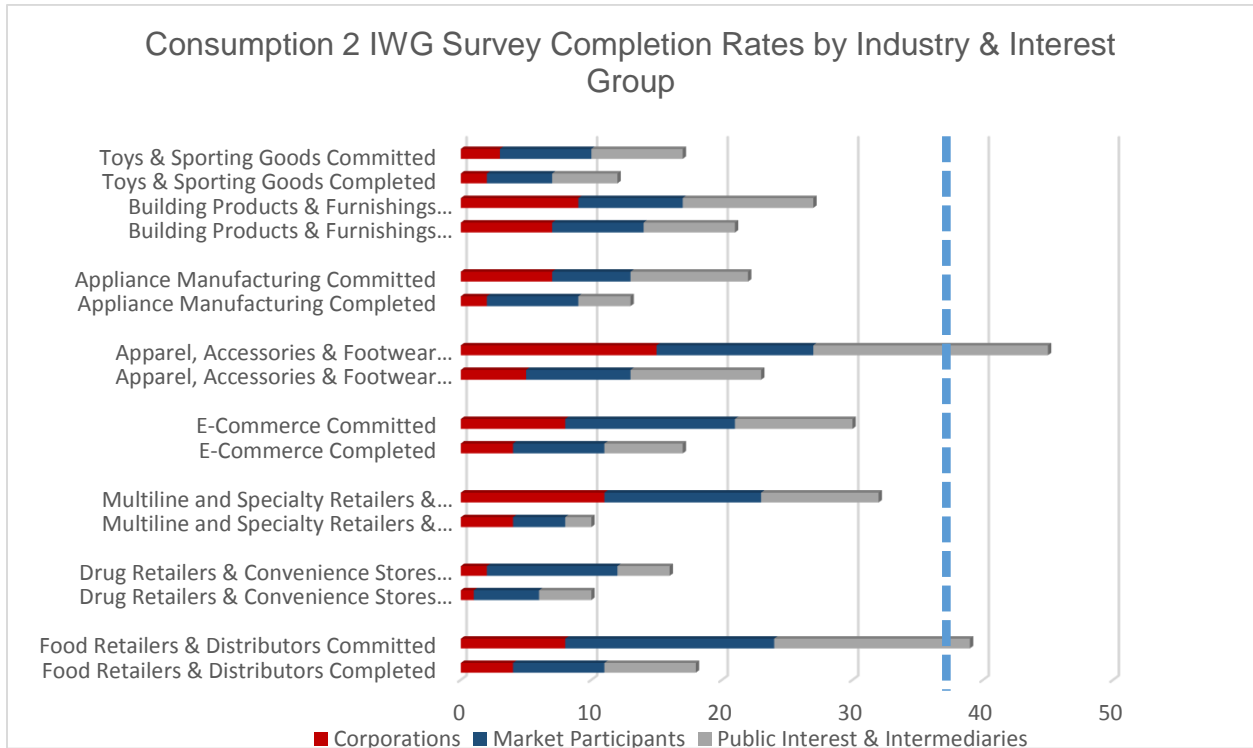
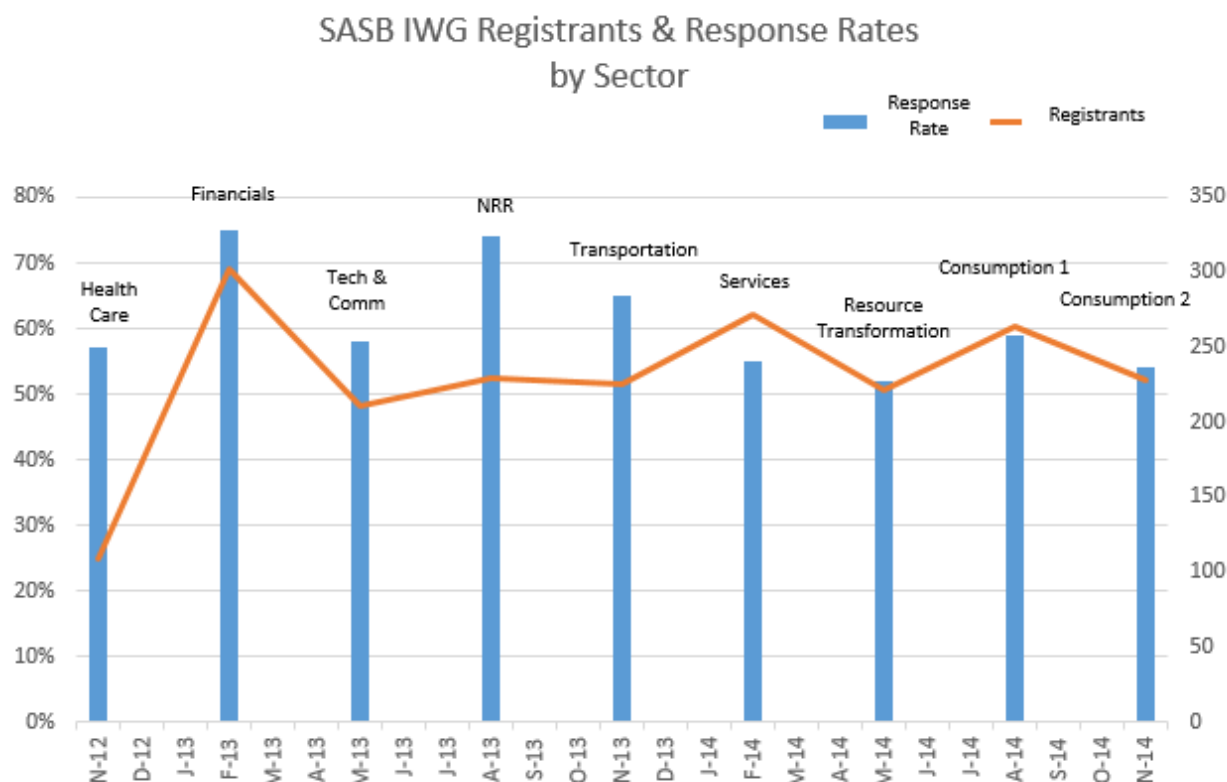


Table 2: Raw Data for Consumption 2 Survey Completion Rates by Industry

IWG (Committed vs. Completed)	Corporations	Market Participants	Public Interest	Totals	Completion Rate
Food Retailers & Distributors Completed	4	7	7	18	46%
Food Retailers & Distributors Committed	8	16	15	39	
Drug Retailers & Convenience Stores Completed	1	5	4	10	63%
Drug Retailers & Convenience Stores Committed	2	10	4	16	
Multiline and Specialty Retailers & Distributors Completed	4	4	2	10	31%
Multiline and Specialty Retailers & Distributors Committed	11	12	9	32	
E-Commerce Completed	4	7	6	17	57%
E-Commerce Committed	8	13	9	30	
Apparel, Accessories & Footwear Completed	5	8	10	23	51%
Apparel, Accessories & Footwear Committed	15	12	18	45	
Appliance Manufacturing Completed	2	7	4	13	59%
Appliance Manufacturing Committed	7	6	9	22	
Building Products & Furnishings Completed	7	7	7	21	78%
Building Products & Furnishings Committed	9	8	10	27	
Toys & Sporting Goods Completed	2	5	5	12	71%
Toys & Sporting Goods Committed	3	7	7	17	

Exhibit H: SASB IWG Registrants and Response Rates by Sector



Analysis of IWG Participation and Survey Responses

During the process of recruiting and promoting survey completions, there were a number of key factors contributing to overall IWG participation. The recruiting process yielded weak registration levels in the corporate interest sector despite active recruiting practices and assistance from key SASB partners. The IWG members representing the top companies in the Consumption 2 sector are listed in Appendix 2. The IWG registration process yielded 224 members that were slightly out of balance, with corporations at 28%, investors at 36%, and public interest at 35%. The survey participation rates varied from 31-78% across the industries (see Exhibit G). There were several key factors that contributed to the outcome of the Consumption 2 sector (listed in the table below).

Key Findings for IWG Recruiting and Survey Completion Rates

Considerable time and effort went into recruiting members into the Consumption 2 sector. In addition to SET staff, SASB employed the assistance of a contract recruiter when it became apparent this sector was more difficult to engage. There were several contributing factors resulting in the low participation rates. These factors included:

- **Retail Season-** The timing of the IWG launch corresponding with the retail holiday season made it hard to achieve IWG commitments. During a briefing with the National Retail Federation (NRF), the SET was warned participation levels would be low during this timeframe.
- **Consolidation-** Many of the industries in the sector had a high level of consolidation resulting in a low number of corporations for outreach efforts. In particular, recruiting was very challenging for the following industries: Toys & Sporting Goods, Appliance Manufacturing, and Drug Retailers & Convenience Stores.
- **Industry Behavior-** SET received specific feedback from a public interest member with a long history of experience in the retail space. Our contact revealed how retailers are subject to survey overload and tend to respond only when necessary (similar to the outcomes of the auto supplier industry).
- **Consumer Facing-** Many of the target corporations represent well know consumer facing brands and were conservative about their participation. In some cases, prospective members were unable to achieve legal clearance to participate. In other cases, members participated as “anonymous” as they were not clear to speak on behalf of their organization.
- **Resource Constrained-** In addition to low corporate registration levels, this group had low survey completion rates. Many of the members expressed, although interested, they were unable to meet the time constrictions for participation due to resource constraints.

Survey Results

Please see the *Standards Outcome Review* report, presented to the Standards Council by the Standards Development Team, for analysis of working group feedback.

APPENDIX I – Top Companies in Consumption 2 Sector by Revenue

*Bright yellow/bold= Include those companies enrolled and completed their the IWG survey

Consumption 2: Retailers

Food Retailers & Distributors (34 companies)		Drug Retailers & Convenience Stores (11 companies)		Multi-line and Specialty Retailers & Distributors (154 companies)		E-Commerce (23 companies)	
Company	C	Company	C	Company	C	Company	C
KROGER CO	US	WALGREEN CO	US	WAL-MART STORES	US	AMAZON.COM INC	US
BERKSHIRE HATH-B	US	CVS CAREMARK COR	US	COSTCO WHOLESALE	US	* APPLE INC	US
BUNGE LTD	US	RITE AID CORP	US	HOME DEPOT INC	US	JD.COM INC-ADR	CA
SYSCO CORP	US	CST BRANDS	US	TARGET CORP	US	EBAY INC	US
ARCHER-DANIELS	US	TRAVELCENTERS	US	LOWE'S COS INC	US	NETFLIX INC	US
SAFWAY INC	US	PANTRY INC	US	INGRAM MICRO INC	US	VIPSHOP HOLDINGS	CN
DELHAIZE GRP-ADR	BE	CASEY'S GENERAL	US	BEST BUY CO INC	US	OVERSTOCK.COM	US
SUPERVALU INC	US	FOMENTO ECON-ADR	MX	SEARS HOLDINGS	US	LANDS' END INC	US
CENCOSUD -ADR	CL	SUSSER HOLDINGS	US	MACY'S INC	US	E-COMMERCE C-ADR	CN
WHOLE FOODS MKT	US	CHINA NEPSTA-ADR	CN	TECH DATA CORP	US	1-800-FLOWERS-A	US
CORE-MARK HOLDIN	US	CHINA JO-JO DRUG	CN	STAPLES INC	US	ZULILY INC -CL A	US
UNITED NATURAL	US			KOHL'S CORP	US	VALUEVISION ME-A	US
ROUNDY'S INC	US			DOLLAR GENERAL	US	LIQUIDITY SERVIC	US
ANDERSONS INC	US			PAO ACUCAR-ADR	BR	MERCADOLIBRE INC	AR
INGLES MARKETS-A	US			AUTONATION INC	US	DIAMOND RESORTS	US
OTC or Non-US listed		OTC or Non-US listed		OTC or Non-US listed		OTC or Non-US listed	
Tesco PLC	GB	Seven & I Holding	JP	Metro AG	DE		
Carrefour SA	FR	Hutchison Wh ADR	HK	Wolseley PLC	GB		
Casino Guichard	FR			-- US but not top 15 --			
Woolworths LTD	AU			NORDSTROM	US		
				OFFICE DEPOT	US		
				REI	US		
				SPORTS AUTHORITY	US		

Consumption 2: Manufacturers

Apparel, Accessories & Footwear (203 companies)		Appliance Manufacturing (14 companies)		Building Products & Furnishings (44 companies)		Toy & Sporting Goods (11 companies)	
Company	C	Company	C	Company	C	Company	C
** BERKSHIRE HATH-B	US	WHIRLPOOL CORP	US	MOHAWK INDS	US	MATTEL INC	US
NIKE INC -CL B	US	STANLEY BLACK & Decker	US	NEWELL RUBBERMAI	US	HASBRO INC	US
TJX COS INC	US	*** GENERAL ELECTRIC	US	MASCO CORP	US	JARDEN CORP	US
GAP INC/THE	US	3M CO	US	3M CO	US	BRUNSWICK CORP	US
VF CORP	US	SNAP-ON INC	US	FORTUNE BRANDS H	US	CALLAWAY GOLF CO	US
L BRANDS INC	US	JARDEN CORP	US	STEELCASE INC-A	US	JAKKS PACIFIC	US
ROSS STORES INC.	US	*** Emerson Elec Co	US	SCOTTS MIRACLE-A	US	LEAPFROG ENTERPR	US
PVH CORP	US	*** TE Connectivity	US	TEMPUR SEALY INT	US	FOX FACTORY HOLD	US
RALPH LAUREN COR	US	Blount Intl	US	LEGGETT & PLATT	US	NAUTILUS INC	US
FOOT LOCKER INC	US	Helen of Troy	US	HNI CORP	US	JOHNSON OUTDOO-A	US
COACH INC	US	NEWELL RUBBERMAI	US	TUPPERWARE BRAND	US	ESCALADE INC	US
ASCENA RETAIL GR	US	LIBBEY INC	US	HERMAN MILLER	US		
HANESBRANDS INC	US	NACCO INDS-CL A	US	ACCO BRANDS CORP	US		
BURLINGTON STORE	US	IROBOT CORP	US	MASONITE INTERNATIONAL	US		
ABERCROMBIE & FI	US	ACTUANT CORP -A	US	ARMSTRONG WORLD	US		
OTC or Non-US listed		OTC or Non-US listed		OTC or Non-US listed		OTC or Non-US listed	
Christian Dior	FR	Electrolux	SW	Lixii Group	JP	Yamaha Corp	
LVMH Moet Hennessy	FR	LG Electronics	SK				
Adidas AG	DE	Mitsubishi Electronics	JP				
Kering	FR	Panasonic	JP				
Puma SE	DE						
J.Crew	US						

